

SENATE BILL 58

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R4

2001 Regular Session  
1lr0052

(PRE-FILED)

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By: **Chairman, Judicial Proceedings Committee (Departmental -  
Transportation)**

Requested: October 26, 2000

Introduced and read first time: January 10, 2001

Assigned to: Judicial Proceedings

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A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Law - Vehicle Dealers**

3 FOR the purpose of authorizing vehicle dealers to conduct certain business at  
4 dealership locations and auctions other than a certain fixed location under  
5 certain circumstances; altering certain provisions relating to the number and  
6 types of vehicle shows that certain dealers or salespersons are authorized to  
7 participate in annually; increasing the surety bond requirements for certain  
8 dealerships; and generally relating to motor vehicle dealerships.

9 BY repealing and reenacting, with amendments,  
10 Article - Transportation  
11 Section 15-105, 15-304, and 15-308  
12 Annotated Code of Maryland  
13 (1999 Replacement Volume and 2000 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Transportation**

17 15-105.

18 (a) (1) A person who is licensed under this title may conduct the licensed  
19 activity only from a fixed location, as specified in the application for the license,  
20 UNLESS CONDUCTING WHOLESALE TRANSACTIONS AT AUCTIONS OR AT OTHER  
21 LICENSED DEALERSHIP LOCATIONS.

22 (2) The books of account and records of, except as otherwise specified by  
23 law, the licensee shall be kept at that location.

24 (3) A person, who holds multiple licenses at more than one location and  
25 has established a computerized data processing record keeping system at one of his  
26 locations, may keep certain records, as designated by the Administrator, of all his

1 licensed activities at the centralized location; provided prior approval of the  
2 Administrator has been granted.

3 (b) A licensee may not remove or relocate the location specified for the licensed  
4 activity, unless the licensee has applied for and obtained a supplemental license from  
5 the Administration.

6 (c) A licensee may not open any additional location other than a location  
7 specified for the licensed activity, unless the licensee has applied for and obtained a  
8 supplemental license from the Administration.

9 (d) Each licensee under this title shall maintain and keep records required by  
10 this article.

11 (e) The records shall be kept for 3 years after the transaction to which it  
12 applies.

13 (f) During business hours, the records of the licensee shall be open to  
14 inspection by the Administration or any police officer while discharging his official  
15 duties.

16 15-304.

17 (a) Except as provided in subsection (b) of this section, a person may not be  
18 licensed under this subtitle unless:

19 (1) The business to be conducted under the license is the only or  
20 principal business conducted from the fixed location specified in the application;

21 (2) That business is conducted from a building that is adequate and  
22 appropriate for the sale of the vehicles that may be sold under the license; and

23 (3) That business either:

24 (i) Maintains and operates an automotive repair facility equipped  
25 for reasonably adequate and proper servicing of the vehicles to be sold by it; or

26 (ii) Has an existing contract, approved by the Administration, that  
27 requires the contractor to service, at a reasonably convenient location, the vehicles to  
28 be sold by the business.

29 (b) (1) As to trailers, semitrailers, motorcycles, Class C (funeral and  
30 ambulance) vehicles, or emergency vehicles as defined in § 11-118(2), (5), and (6) of  
31 this article, the sale of these vehicles need not be the only or principal business  
32 conducted from the fixed location, but shall be subject to any reasonable location  
33 requirements determined by the Administration by rule or regulation.

34 (2) A wholesale dealer may be licensed under this subtitle regardless of  
35 whether the wholesale dealer meets the requirements of paragraphs (a)(1) and (3) of

1 this section, but a wholesale dealer shall be subject to any reasonable location  
2 requirements determined by the Administration by rule or regulation.

3 (c) Notwithstanding the provisions of this section:

4 (1) A new vehicle dealer, or a licensed vehicle [salesman] SALESPERSON  
5 who is employed by the dealer, may participate in [1 annual industry-wide vehicle  
6 show and 1 annual regional vehicle show] 2 ANNUAL VEHICLE FRANCHISE SHOWS  
7 FOR EACH FRANCHISE.

8 (2) A new vehicle dealer franchised to sell Class M motor homes or Class  
9 G trailers, or a licensed [salesman] SALESPERSON who is employed by the dealer,  
10 may participate in more than [1] 2 annual [industry-wide] vehicle [show] SHOWS  
11 [and more than 1 annual regional vehicle show], if the shows are limited to Class M  
12 motor homes or Class G trailers.

13 (d) A vehicle dealer or licensed vehicle [salesman] SALESPERSON listed in  
14 subsection (c) of this section may participate in [an industry-wide] A vehicle show  
15 [or a regional vehicle show] if:

16 (1) The dealer holds a valid license issued under this title; and

17 (2) At least 60 days before the vehicle show, an application is filed with  
18 the Administration, for approval by the Administration, that contains:

19 (i) A list of the names and business addresses of participating  
20 dealers;

21 (ii) The location of the vehicle show;

22 (iii) The specific dates on which the vehicle show will be held; and

23 (iv) Other reasonable information required by the Administration;  
24 and

25 (3) The vehicle show does not exceed 10 consecutive days and is  
26 restricted to new vehicles only.

27 (e) (1) A licensed dealer, or a licensed vehicle [salesman] SALESPERSON  
28 who is employed by the dealer, who participates in [an industry-wide] A vehicle show  
29 [or a regional vehicle show] may execute a buyer's order and accept a deposit as  
30 provided in paragraph (2) of this subsection.

31 (2) A licensed dealer may not accept a deposit that:

32 (i) For an order for any vehicle, except a Class M motor home,  
33 exceeds 5 percent of the cost of the vehicle; or

34 (ii) For an order of a Class M motor home, exceeds 10 percent of the  
35 cost of the motor home.

(3) Except as otherwise provided in paragraph (1) of this subsection, a licensed dealer, or a licensed vehicle [salesman] SALESPERSON who is employed by the dealer, shall conduct activities involved in a vehicle sale, including the completion of the sales contract, the issuance of temporary registration plates and a temporary registration certificate, and delivery of the vehicle, at the dealer's fixed location as shown in the dealer's application for the license.

15-308.

(a) After the Administration notifies an applicant of the approval of an application and before the Administration issues a license, the applicant shall file with the Administration a surety bond in the form and with the surety that the Administration approves.

(b) The amount of the surety bond shall be:

(1) For a licensee who is licensed to deal only in trailers or semitrailers 15 feet or less in length, or only in boat trailers of any size -- \$5,000;

(2) For a licensee who is licensed to deal in the sale of new motor vehicles, an amount based on the number of new motor vehicle sales during the preceding license year, according to the following schedule:

(i) 1 to 500 vehicles -- \$50,000; [and]

(ii) [Over 500] 501 TO 1,000 vehicles -- \$75,000; [and]

(III) 1,001 TO 2,500 VEHICLES -- \$100,000; AND

(IV) OVER 2,500 VEHICLES -- \$300,000.

(3) For a licensee who is licensed to deal only in the sale of used motor vehicles, including wholesalers, an amount based on the number of used vehicle sales during the preceding license year, according to the following schedule:

(i) 1 to 250 vehicles -- \$15,000;

(ii) 251 to 500 vehicles -- \$25,000; [and]

(iii) [Over 500] 501 TO 1,000 vehicles -- \$35,000[.];

(IV) 1,001 TO 10,000 VEHICLES -- \$50,000; AND

(V) OVER 10,000 VEHICLES -- \$150,000.

(c) (1) This subsection applies only to an applicant who:

(i) Applies for a license to deal in the sale of new or used motor vehicles; and

1 (ii) Was not licensed to sell motor vehicles during the preceding  
2 license year.

3 (2) Subject to paragraph (3) of this subsection, the Administration shall  
4 base the amount of a surety bond for an applicant described in paragraph (1) of this  
5 subsection on the estimated volume of sales in the initial year in which the license is  
6 in effect.

7 (3) The amount of the surety bond under paragraph (2) of this subsection  
8 may not be less than:

9 (i) For an applicant for a license to deal in the sale of new motor  
10 vehicles, \$50,000; or

11 (ii) For an applicant for a license to deal in the sale of used vehicles,  
12 \$15,000.

13 (d) Notwithstanding subsection (c) of this section, if an applicant seeks a  
14 license for a location that is or that previously had been operated by a licensed dealer,  
15 the Administration may require a surety bond under subsection (b)(2) or (3) of this  
16 section based on the volume of sales at that location during a preceding license year.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
18 effect October 1, 2001.